

Investment Deck

PRC EQUITY FUND



Charles Williams

PRC Equity Fund I, LLC

Table of Contents

- Investment Summary* 3**
- History of Student Housing* 4**
 - History of University Student Housing..... 4**
 - Current Supply and Demand Issues 4**
 - Approaches to Addressing Demand 5**
 - Conclusion 5**
- The Problem*..... 6**
 - Causes of High Demand for Student Housing 6**
 - Increasing Enrollment at Public Universities.....6
 - Limited Housing Infrastructure6
 - Urbanization and Real Estate Markets.....6
 - Desire for On-Campus Living.....6
 - Problems for Universities 7**
 - Strain on Resources and Infrastructure7
 - Reputation and Competitiveness7
 - Financial Challenges7
 - Legal and Logistical Complications7
 - Problems for Students 7**
 - Increased Housing Costs7
 - Commute-Related Issues7
 - Housing Insecurity.....8
 - Mental and Emotional Stress.....8
 - Broader Implications..... 8**
 - Equity and Access to Higher Education8
 - Long-Term Institutional Impact.....8
 - Potential Solutions8
 - Conclusion 9**
- The Solution*..... 10**
 - Challenges Faced by Public Universities 10**
 - Public-Private Partnerships as a Solution 11**
 - Access to Private Capital11
 - Shared Risk and Responsibility.....11
 - Expertise in Construction and Management.....11
 - Faster Delivery of Housing11
 - Innovative Financing Structures11
 - Improved Student Experience12

Case Studies: Successful Public-Private Partnerships in Student Housing.....	12
Conclusion	12
<i>Public-Private Partnerships</i>	13
What Are Public-Private Partnerships (PPPs)?	13
Key Characteristics of Public-Private Partnerships	13
Why Government Agencies and Public Universities Find PPPs Efficient	14
Access to Private Sector Expertise and Innovation.....	14
Cost Savings and Efficiency	14
Shared Risk and Reduced Financial Burden	14
Faster Project Delivery	14
Innovation in Service Delivery.....	14
Off-Balance-Sheet Financing	15
Long-Term Value for Money	15
Conclusion	15
<i>Municipal Bond Financing</i>.....	16
Overview of Municipal Bonds	16
Project Financing with Long-Term Leases	16
Key Components of the Financing Structure	17
Advantages of Financing through Municipal Bonds.....	17
Risks and Considerations.....	18
Conclusion	18
<i>The Texas A&M University System Relationship</i>	19
<i>Investment Strategy</i>	21
<i>Revenue Model</i>	22
<i>Financial Projections – Five Year</i>	25
Pre-Development Income	26
Net Proceeds from Bond	26
Rental Income	26
Interest Income	26
Investor Metrics	26
<i>Current Pipeline</i>	27
<i>Competition</i>.....	28
<i>Contact Information</i>	29

Investment Summary

PRC EQUITY FUND I, LLC
A Nevada Limited Liability Company

SECURITIES OFFERED: Equity in the form of LLC membership interest

MAXIMUM OFFERING AMOUNT: \$75,000,000 for 75,000 Class A Interests

MINIMUM OFFERING AMOUNT: \$1,000,000 for 1,000 Class A Interests

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PRC Equity Fund I LLC (The Fund) is a Nevada limited liability company formed on May 22, 2024 (the “Company” or “Issuer”) for the purposes of developing, building and operating multi-family and student-housing projects in a public-private partnership with Texas public universities.

The Company intends to initiate operations by funding real estate development opportunities similar to the Manager’s existing relationship with the Texas A&M University System where the goal is to enter into a “Master-Lease” agreement between the Company and the Texas A&M University System whereby the Texas A&M University System leases units within a Company property, or possibly the whole property, for the purpose of providing on-and/or off-campus housing for its students.

The Texas A&M University System consists of eleven (11) universities, eight (8) state agencies and the RELLIS Campus located in Brazos County.

The Fund targets a fixed dividend of 10% annually paid monthly and will distribute 70% of annual profits to investors. The Managers of The Fund project cash on cash returns from 21% to 153% over the next five years. The return multiple over five years is expected to be 4.92 times the investment with a five-year projected internal rate of return to be greater than 60%.

5-Year Projections	2025	2026	2027	2028	2029
Distributions to Investors					
10% Dividend	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Profits Share (70% Split)	\$ 8,525,204	\$ 22,606,195	\$ 105,387,849	\$ 87,764,365	\$ 107,568,637
Total Cash Distributions to Investors	\$ 16,025,204	\$ 30,106,195	\$ 112,887,849	\$ 95,264,365	\$ 115,068,637
Earnings Per Share (75,000 Shares Issued)	\$ 214	\$ 401	\$ 1,505	\$ 1,270	\$ 1,534
Annual Cash on Cash Return	21%	40%	151%	127%	153%
Five Year Return Multiple	4.92				
Five Year Internal Rate of Return	60%				

History of Student Housing

University student housing has been a critical component of the higher education experience for decades. It provides students with a place to live, study, and socialize, creating a vibrant campus community. However, over the years, the demand for student housing has evolved, leading to various challenges in supply and demand. This report aims to explore the history of university student housing, analyze current supply and demand issues, and discuss potential solutions to address the growing demand.

History of University Student Housing

Historically, university student housing was primarily limited to on-campus dormitories or fraternity/sorority houses. These options offered basic accommodations and fostered a strong sense of community among students. In the mid to late 20th century, there was a shift towards off-campus student apartments and private housing options, providing students with more independence and flexibility in their living arrangements.

As higher education enrollment grew, universities began facing challenges in accommodating the increasing number of students seeking housing. This led to the development of public-private partnerships, where private developers built and managed student housing facilities in collaboration with universities. These partnerships helped alleviate the strain on university resources while providing students with modern, amenity-rich housing options.

Current Supply and Demand Issues

In recent years, the demand for university student housing has continued to rise, driven by factors such as increasing enrollment, international student populations, and a desire for enhanced amenities and services. However, many universities are struggling to keep up with this demand due to limited funding, aging infrastructure, and zoning restrictions.

The mismatch between supply and demand has resulted in challenges such as:

- Long waitlists for on-campus housing
- High rental prices for off-campus apartments
- Lack of affordable housing options for students
- Inadequate maintenance and upkeep of existing facilities

These issues have led to concerns about student retention, academic success, and overall campus satisfaction.

Approaches to Addressing Demand

To address the growing demand for university student housing, institutions and policymakers have implemented various strategies, including:

- **Public-Private Partnerships:** Collaborating with private developers to finance, construct, and manage student housing facilities.
- **Mixed-Use Developments:** Integrating student housing with retail, dining, and recreational facilities to create vibrant campus communities.
- **Renovation and Expansion:** Upgrading existing housing facilities and expanding capacity to accommodate more students.
- **Affordable Housing Initiatives:** Offering subsidies, grants, or scholarships to help students afford housing costs.
- **Off-Campus Housing Resources:** Providing students with resources and guidance to find safe and affordable off-campus housing options.

By implementing a combination of these approaches, universities can better meet the housing needs of their students and create a supportive living environment conducive to academic success and personal growth.

Conclusion

University student housing plays a crucial role in the overall college experience, contributing to student well-being, academic success, and campus community. As the demand for student housing continues to grow, it is imperative for institutions to proactively address supply and demand issues through strategic planning, innovative partnerships, and investment in infrastructure.

By prioritizing the development of quality, affordable housing options and fostering a sense of community and belonging among students, universities can create a supportive living environment that enhances the overall student experience and contributes to long-term success.

The Problem

The rising demand for student housing at public universities across the United States is becoming a significant issue for both institutions and students. This demand is driven by increasing enrollment rates, economic factors, and the inability of many universities to expand their housing infrastructure at a pace that matches student growth. The shortage of affordable and accessible student housing creates a variety of challenges, including financial burdens on students and operational difficulties for universities. This report examines the causes of the high demand for student housing, its effects on both universities and students, and the broader implications for the higher education system.

Causes of High Demand for Student Housing

Increasing Enrollment at Public Universities

Public universities have seen a steady increase in enrollment over the past decade. As tuition fees at private institutions soar, many students are opting for public universities due to their relatively lower costs. Additionally, initiatives to increase access to higher education for underserved populations have led to more students attending these institutions. The result is a higher demand for student housing that many public universities struggle to meet.

Limited Housing Infrastructure

Despite growing enrollment numbers, many public universities have not significantly expanded their on-campus housing facilities. Budget constraints, state funding cuts, and regulatory hurdles often prevent these institutions from building new dormitories or updating existing ones. As a result, housing supply lags behind student demand, leading to overcrowding and higher off-campus housing prices.

Urbanization and Real Estate Markets

Many public universities are in or near urban centers where real estate prices have been skyrocketing. This increase in housing costs extends to areas around university campuses, making it more difficult for students to afford off-campus housing. For students in metropolitan areas, finding affordable accommodations can be particularly challenging, leading to greater pressure on the limited on-campus housing resources.

Desire for On-Campus Living

On-campus housing offers proximity to academic resources, social integration, and the convenience of not having to commute. First-year students, international students, and those without vehicles often prioritize on-campus housing. This contributes to a bottleneck, especially for universities with limited dormitory space, as more students vie for a finite number of available rooms.

Problems for Universities

Strain on Resources and Infrastructure

Public universities must allocate a portion of their budgets to maintaining and expanding housing facilities. When the demand exceeds the supply, universities face difficulties in managing resources effectively. They may be forced to accommodate more students in already crowded dormitories or resort to temporary housing solutions. This strain can detract from other areas of university investment, such as academic programs and faculty salaries.

Reputation and Competitiveness

The inability to provide adequate housing can damage a university's reputation and reduce its competitiveness in attracting prospective students. Prospective students and their families often consider housing availability and quality when choosing where to attend. Universities with housing shortages may find it harder to attract top talent, as students opt for institutions where housing is more readily available.

Financial Challenges

Building new housing requires significant capital investment, which many public universities lack due to budget cuts and limited state funding. Without proper funding, universities are unable to build new facilities to meet demand. This leads to increased maintenance costs for aging housing infrastructure and puts universities in a difficult financial position.

Legal and Logistical Complications

Universities must navigate complex legal and regulatory requirements when expanding housing infrastructure. Zoning laws, environmental impact assessments, and local government approvals can delay construction projects for years. These logistical hurdles prevent universities from responding quickly to the housing crisis, exacerbating the problem.

Problems for Students

Increased Housing Costs

With limited on-campus options, many students are forced to seek housing off-campus, where rental rates are often high. In urban areas, off-campus housing can be prohibitively expensive, pushing students to take on more debt or work additional hours to afford rent. This financial strain detracts from the academic experience and increases student dropout rates.

Commute-Related Issues

Students who cannot secure on-campus housing may be forced to live far from campus, leading to longer commutes. This not only reduces the amount of time students can dedicate to academic and extracurricular activities but also increases transportation costs.

For students without access to reliable transportation, commuting can significantly hinder their educational experience.

Housing Insecurity

Housing shortages may result in students living in overcrowded or substandard conditions. In extreme cases, students may face housing insecurity, as they are unable to find a stable place to live. Homelessness among students is a growing concern, particularly for those from low-income families who cannot afford rising rent prices.

Mental and Emotional Stress

The pressure of securing affordable housing, combined with financial and logistical challenges, can take a toll on students' mental and emotional well-being. Housing uncertainty contributes to stress, anxiety, and poor academic performance. Students who struggle to find suitable housing may feel disconnected from campus life, leading to social isolation.

Broader Implications

Equity and Access to Higher Education

The housing shortage disproportionately affects low-income students, first-generation students, and students from marginalized communities. These students may face additional barriers in securing affordable housing, leading to unequal access to higher education. Addressing the housing crisis is critical to ensuring that all students have the opportunity to succeed, regardless of their socioeconomic background.

Long-Term Institutional Impact

Universities that fail to address student housing needs may experience long-term damage to their reputation and enrollment numbers. Over time, this could lead to reduced funding from tuition, state appropriations, and alumni donations. As the housing crisis persists, universities will face increasing pressure to find innovative solutions to accommodate growing student populations.

Potential Solutions

Public universities and policymakers must work together to address the student housing crisis. Potential solutions include public-private partnerships for the construction of new housing, expanding affordable off-campus housing options, and increasing financial aid for students struggling with housing costs. Additionally, universities may need to prioritize on-campus housing for those students who need it most, such as first-year and low-income students.

Conclusion

The high demand for student housing at public universities poses significant challenges for both students and institutions. As student populations continue to grow, universities must find ways to meet housing needs while balancing financial and logistical constraints. Failure to do so risks not only the academic success of students but also the long-term viability of the universities themselves. Addressing this issue will require collaboration between university administrators, state governments, and private sector partners to develop sustainable and equitable solutions.

The Solution

The increasing demand for student housing at public universities across the country has led to a significant shortage, creating housing insecurity for students and placing financial strain on universities. Public-private partnerships (P3s) offer a viable solution to address this problem. By combining the resources and expertise of both the public and private sectors, P3s can help build and manage student housing more efficiently and sustainably. This report outlines the reasons why public-private partnerships are an effective strategy to alleviate the student housing crisis.

Public universities are facing an unprecedented demand for student housing due to a combination of factors, including:

Increased enrollment: Public universities are seeing record numbers of students due to affordability compared to private institutions.

Aging infrastructure: Many university housing facilities are outdated, requiring costly renovations or complete rebuilds.

Urban housing market pressures: Public universities located in urban areas face competition from local populations for available housing, driving up rental prices.

Limited university budgets: Universities have limited funding sources and must prioritize academic and operational expenses over new housing projects.

Challenges Faced by Public Universities

Public universities are constrained by several factors when addressing housing shortages:

- *Budget limitations:* Due to reduced government funding and budget constraints, universities struggle to finance large-scale housing projects.
- *Limited debt capacity:* Public institutions have limited ability to take on more debt without affecting their credit ratings, further limiting their ability to finance new developments.
- *Complex regulatory and zoning processes:* Building new housing on university campuses requires navigating complicated regulatory and zoning frameworks, which can delay projects.
- *Maintenance and operations costs:* Universities often lack the expertise and resources to efficiently manage and maintain large-scale housing projects over the long term.

Public-Private Partnerships as a Solution

Public-private partnerships present a solution to the student housing crisis by allowing universities to leverage private sector investment and expertise. P3s can help universities deliver housing projects quicker and more efficiently without compromising academic resources or increasing their debt burden.

Access to Private Capital

Private sector partners provide the necessary capital for housing projects, reducing the financial burden on universities. This allows universities to avoid taking on additional debt while still addressing the housing shortage. In many P3 models, the private partner finances, builds, and operates the housing facility, while the university retains ownership of the land.

Shared Risk and Responsibility

By entering into a partnership with a private developer, universities can share the financial, operational, and maintenance risks associated with building and managing student housing. This reduces the university's exposure to potential cost overruns or operational inefficiencies.

Expertise in Construction and Management

Private developers bring specialized expertise in construction, project management, and facility operations that many universities lack. This allows for more efficient construction processes and better long-term maintenance and management of the housing facilities. Private developers often have established relationships with contractors and suppliers, which can expedite the construction process and reduce costs.

Faster Delivery of Housing

P3s can streamline the development process, allowing universities to address housing shortages quicker. With private developers handling construction and management, projects can often be completed in a fraction of the time it would take the university to manage on its own.

Innovative Financing Structures

Public-private partnerships offer flexibility in financing structures, allowing universities to tailor agreements to their specific needs. Some common P3 models include:

- *Design-Build-Operate-Maintain (DBOM)*: The private partner designs, builds, operates, and maintains the facility, while the university retains ownership and provides oversight.

- ***Lease-Purchase Agreements:*** The private partner builds the housing and leases it to the university, with an option for the university to purchase the facility at a later date.
- **Revenue-sharing models:** The private partner manages the housing facility and shares a portion of the revenue generated with the university, providing an ongoing revenue stream for the institution.

Improved Student Experience

P3s can also enhance the student experience by delivering modern, high-quality housing facilities. Private developers are often able to design housing that is more attractive, functional, and in line with student preferences, helping universities compete in the higher education market. Additionally, private management can ensure that housing facilities are well-maintained and provide better services, improving the overall quality of life for students.

Case Studies: Successful Public-Private Partnerships in Student Housing

Several universities have successfully implemented public-private partnerships to address their student housing needs:

University of California, Irvine: Through a P3, UC Irvine partnered with a private developer to build a new student housing complex that added more than 1,400 beds. The project was completed ahead of schedule and provided much-needed housing for incoming students.

University of Kentucky: The university entered into a 50-year partnership with a private firm to build, finance, and manage its student housing. The partnership resulted in the construction of 6,850 new beds across 14 residence halls, addressing the housing shortage, while allowing the university to focus on its core academic mission.

Georgia State University: Georgia State partnered with a private developer to build an off-campus student housing facility, which added over 1,100 beds. The project was structured as a long-term lease agreement, allowing the university to expand housing without taking on additional debt.

Conclusion

Public-private partnerships offer a compelling solution to the student housing crisis facing public universities. By leveraging private sector expertise and capital, universities can deliver modern, high-quality housing quicker and more cost-effectively than they could on their own. P3s also allow universities to manage risk, improve the student experience, and maintain their financial health. As the demand for student housing continues to grow, public-private partnerships will become an increasingly important tool for universities seeking to meet the needs of their students without compromising their long-term sustainability.

Public Private Partnerships

Public-private partnerships (PPPs) have become increasingly popular worldwide as a mechanism for delivering public infrastructure and services. A PPP is a long-term cooperative arrangement between the public sector (government agencies) and the private sector (businesses) to finance, build, and operate projects that would traditionally fall under public sector responsibility. This report defines PPPs and explains why government agencies find them efficient for completing large-scale projects.

What Are Public-Private Partnerships (PPPs)?

A **public-private partnership (PPP)** is a collaborative agreement between a government entity and a private sector company designed to deliver public services or infrastructure projects. In these partnerships, the risks, responsibilities, and rewards are shared between the two entities based on their expertise and ability to manage different aspects of the project.

PPPs are typically used for large projects such as student housing at public universities, highways, hospitals, schools, utilities, and urban development. They can take several forms depending on the allocation of risk and responsibility, including:

- **Design-Build (DB):** The private sector designs and constructs the infrastructure.
- **Design-Build-Finance (DBF):** The private sector designs, builds, and finances the project, but does not operate it.
- **Build-Operate-Transfer (BOT):** The private sector builds, operates, and maintains the infrastructure for a set period before transferring it back to the government.
- **Concessions:** The private entity operates and maintains an asset for a defined period in exchange for revenue or user fees.

Key Characteristics of Public-Private Partnerships

Shared Risk and Responsibility: One of the defining features of PPPs is the shared distribution of risks and responsibilities. The private sector is often better at managing certain risks, such as construction delays or cost overruns, while the public sector maintains regulatory oversight and ensures public interest.

Long-Term Collaboration: PPPs are usually long-term agreements that may span decades, with both parties committed to the project's success.

Performance-Based Contracts: In many PPPs, the private partner is compensated based on performance, incentivizing efficiency and innovation in delivering services or constructing infrastructure.

Private Financing: In many cases, the private sector provides upfront capital to finance projects, relieving governments from having to raise large sums of money immediately.

Why Government Agencies and Public Universities Find PPPs Efficient

Access to Private Sector Expertise and Innovation

Government agencies often lack the specialized expertise needed to design, finance, and execute large, complex projects. By partnering with the private sector, they gain access to innovative technologies, construction methods, and management techniques, improving project outcomes.

Cost Savings and Efficiency

PPPs can reduce project costs by utilizing private sector efficiencies, such as competitive bidding, streamlined processes, and advanced project management tools. Private companies have an incentive to complete projects on time and within budget, as their profits often depend on it. This contrasts with public sector projects, which may face less pressure to manage costs.

Shared Risk and Reduced Financial Burden

Governments are able to share the risks associated with infrastructure projects, such as construction delays, operational inefficiencies, or financial risks, with the private sector. This reduces the financial burden on the public purse, as governments do not need to bear all the responsibility for project financing or delays. In addition, many PPPs allow governments to defer the financial costs of infrastructure by using the private sector's capital.

Faster Project Delivery

With private sector involvement, projects can often be delivered faster than through traditional government procurement processes. The private sector's ability to adapt quickly and implement modern project management techniques can accelerate construction timelines, getting critical infrastructure online sooner.

Innovation in Service Delivery

In areas such as healthcare, education, and utilities, PPPs introduce new service delivery models. By incentivizing performance-based outcomes, private partners can deliver higher-quality services or introduce innovations that improve efficiency and the customer experience.

Off-Balance-Sheet Financing

For governments facing budgetary constraints, PPPs provide an attractive option for financing large projects without increasing public debt. The private partner often assumes the financing burden, allowing governments to keep projects off their balance sheets while still delivering public services and infrastructure.

Long-Term Value for Money

While upfront costs in PPP projects may sometimes be higher, they often deliver better long-term value for money due to the private partner's focus on life-cycle costs. This encourages a focus on sustainability and long-term project maintenance, ensuring better outcomes over the life of the project.

Conclusion

Public-private partnerships have proven to be an efficient mechanism for delivering critical infrastructure and public services. By leveraging the expertise, resources, and innovation of the private sector, government agencies can accelerate project delivery, reduce costs, and mitigate risks. Additionally, PPPs offer governments flexibility in financing, enabling them to meet public demand for services even when facing fiscal constraints.

As infrastructure needs continue to grow and governments seek efficient solutions, PPPs will likely remain a preferred model for completing large, complex projects in the future.

References

- World Bank. (2023). "Public-Private Partnerships Overview".
- OECD. (2022). "Public-Private Partnerships in Infrastructure: A Global Review".
- U.S. Department of Transportation. (2022). "PPP Benefits and Challenges in Transportation Projects".

Municipal Bond Financing

Municipal bonds are a popular financing vehicle for infrastructure projects and other public-benefit initiatives. A specific structure for financing involves securing municipal bonds with long-term leases backed by the investment-grade credit of a public university. This approach offers a reliable stream of income to bondholders while providing an institution, such as a university, the necessary capital for its projects.

Overview of Municipal Bonds

Municipal bonds (munis) are debt securities issued by governmental entities or qualifying institutions to fund public projects, such as infrastructure development, education, healthcare, and transportation. These bonds are attractive because they often provide tax-exempt income to investors, and the repayment is typically backed by revenues generated from the project or other sources such as taxation. In this case, the financing is secured not by tax revenues but by lease agreements, where the university acts as a tenant with strong creditworthiness.

Project Financing with Long-Term Leases

A project backed by a public university's credit can be financed through a "long-term NNN Master Lease Agreement". Here's how the process generally works:

Formation of a Special Purpose Entity (SPE): A public university may create an SPE or work with a governmental entity to issue the bonds. The SPE holds the project assets and leases them to the university.

Issuance of Municipal Bonds: The governmental entity or SPE issues municipal bonds to raise funds. These bonds are structured around the long-term lease agreement with the public university as a tenant.

Lease Agreement: The university enters into a long-term lease agreement with the SPE to lease the asset (such as a building, research facility, or student housing). The terms of the lease are designed to cover the repayment obligations of the bonds, creating a revenue stream from lease payments.

Investment-Grade Credit as Security: Since the public university often has a high credit rating (investment grade), the leaseback arrangement is considered low risk by investors. The university's strong credit profile ensures bondholders that the lease payments will be made consistently over the life of the bonds.

Bond Proceeds for Project Development: The proceeds from the bond issuance are used to finance the project, such as building new infrastructure or upgrading existing facilities at the university.

Bondholder Security: The lease payments from the university are pledged to the bondholders as the primary source of repayment. If the university defaults, bondholders have recourse to the lease and potentially the project assets.

Key Components of the Financing Structure

Long-Term Lease: The lease agreement must cover the duration of the bond term. These leases typically extend 20-30 years, ensuring a steady income stream to match bond repayment schedules.

University Credit Rating: The public university's credit rating plays a vital role. A high investment-grade credit rating (e.g., AA or higher) means that the university has a strong track record of meeting its financial obligations, providing assurance to investors.

Lease Payment Structure: The university makes regular lease payments, which are structured to match the bond's interest and principal repayments. This predictability is crucial for bondholders.

Tax-Exempt Status: If the bonds qualify as tax-exempt, this adds to their attractiveness for investors, as interest income will not be subject to federal taxes and, in some cases, state taxes.

Advantages of Financing through Municipal Bonds

Lower Interest Rates: Due to the tax-exempt status of municipal bonds, investors are generally willing to accept lower interest rates compared to taxable bonds, reducing the cost of capital for the project.

Reliable Revenue Stream: The long-term lease backed by the university's investment-grade credit provides a reliable and predictable revenue stream to bondholders, reducing risk.

Credit Enhancement: The involvement of a public university with strong credit can enhance the bond's credit rating, potentially lowering interest costs even further.

Flexible Structure: Lease-backed municipal bonds can be structured in various ways to meet the needs of both the university and bondholders, allowing for creative solutions to financing large-scale projects.

Risks and Considerations

While this structure is highly advantageous, there are a few risks and considerations:

Credit Downgrade: If the university's credit rating is downgraded due to financial instability, the cost of borrowing may rise, and bondholders may demand higher yields.

Project Risks: Delays or cost overruns in the project can affect the repayment structure, though these are typically mitigated through careful project planning and management.

Lease Non-Renewal: If the university chooses not to renew its lease at the end of the term, this could affect the long-term viability of the bond. However, structuring the lease term to match the bond maturity can alleviate this risk.

Conclusion

Municipal bonds backed by long-term leases tied to the credit of a public university represent a robust and reliable financing mechanism for large-scale projects. The investment-grade credit of the university provides a strong foundation for attracting investors, while the lease structure ensures a stable revenue stream to service the debt. By utilizing this financing strategy, both public universities and investors can benefit from a low-risk, tax-efficient means of funding essential projects.

This method not only supports the expansion and improvement of public infrastructure but also offers a dependable investment opportunity for those seeking tax-advantaged returns.

The Texas A&M University System Relationship

The Manager of The Fund, PRC Inc. (Manager), acquired and developed a 30-acre site near the campus of Prairie View A&M University. The original plan was to use 10 of the 30-acres to develop multifamily to be used to accommodate Prairie View A&M students and staff. The remaining acreage would be used for townhomes and retail.



The Manager completed 120-units (168-beds) in 2022 and opened with 100% occupancy due to extremely high demand for housing in the market.

The following year, 2023, the administration at Prairie View A&M requested to lease all available units under a “Master-Lease” agreement. Prairie View A&M is one of the eleven universities in the Texas A&M University System. As such, all leases are negotiated and executed with Texas A&M University System.

While negotiating the lease with Prairie View A&M, the Manager was made aware of the significant need for additional student housing at several of the universities in the Texas A&M University System.

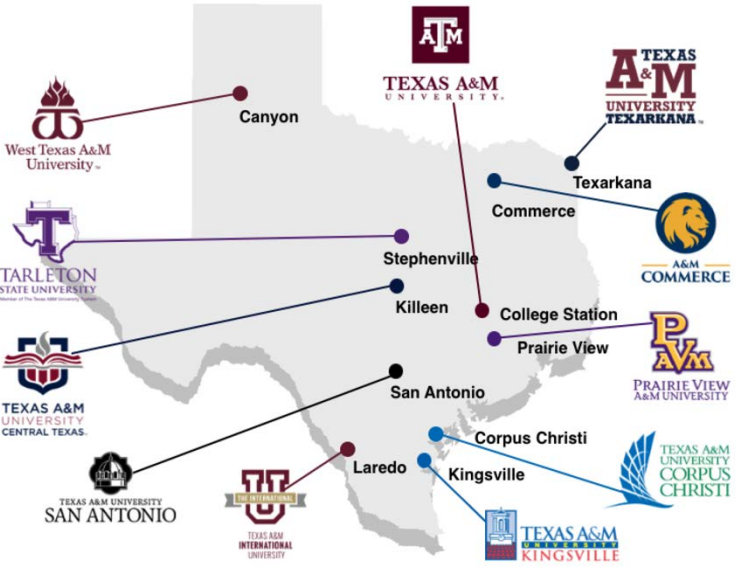
There are 11 Universities in the Texas A&M University System. All except for Texas A&M College Station, are in tertiary markets with student populations less than 20 thousand


students. There is a lack of student housing development in tertiary markets which limits the supply of housing at these universities.

The leadership with Texas A&M University System expressed an interest in a Public Private Partnership with The Fund to address the demand for student housing.

According to a 2021 report published by the Texas Higher Education Coordinating Board, Texas public universities can expect student population growth of 11.4% by the year 2035. That represents a student population growth of 82,451 students for Texas public university students.

The Texas A&M University System 2024 student population is estimated to be 148,554 students system wide. This population is expected to exceed 166,000 by 2035. Currently, 30% of students on average require on-campus student housing. The remaining choose off-campus student housing.



 THE TEXAS A&M UNIVERSITY SYSTEM	2024 Student Population	2025 Student Population	Growth (%)	Additional Beds Required
Prairie View A&M University	9,862	11,214	14%	879
Tarleton State University	15,532	18,442	19%	1,892
Texas A&M International University	8,437	8,912	6%	309
Texas A&M University (College Station)	69,789	77,842	12%	5,234
Texas A&M University at Galveston	1,782	1,966	10%	120
Texas A&M University - Central Texas	2,548	2,975	17%	278
Texas A&M University - Commerce	12,622	14,238	13%	1,050
Texas A&M University - Corpus Christi	11,095	12,217	10%	729
Texas A&M University - Kingsville	7,368	7,588	3%	143
Texas A&M University - San Antonio	7,183	8,399	17%	790
Texas A&M University - Texarkana	2,214	2,266	2%	34
Total	148,432	166,059	12%	11,458

The Fund seeks to develop on- and off-campus housing in partnership with Texas public universities. In this partnership, The Fund will develop student housing, and the university will absorb the risk of developing in tertiary markets by executing a “Master Lease” agreement for up to 30-years.

Investment Strategy

The Fund primarily invests in off-campus student housing projects in partnerships with Texas public university systems. A university system is a set of multiple affiliated universities and colleges that are geographically distributed throughout the State of Texas.

There are six university systems in the State of Texas that contain 45 separate and distinct public universities. The Fund intends to establish Public-Private Partnerships (P3) relationships with Texas University Systems whose bondable credit rating is considered investment grade by the major intuitional credit rating reporting agencies.

The P3 relationship is designed reduce the development risk. In this arrangement, Universities use their credit rating to guarantee repayment of debt associated with the project. Additionally, the University will often master lease all the beds or enter into an occupancy agreement, thus guaranteeing that the developer’s cash flow, thus reducing risk.

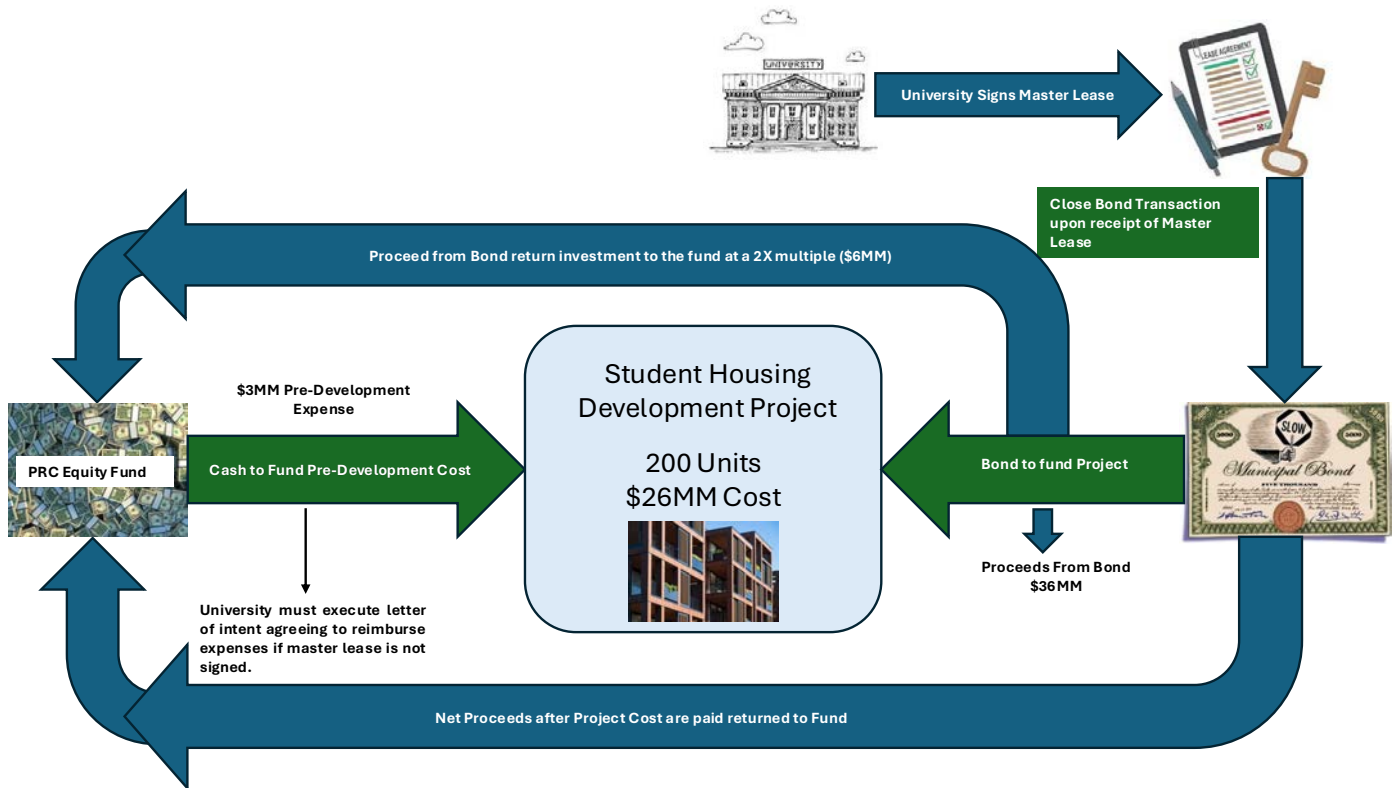
Revenue Model

To initiate the development project process, the project will require a “pursuit capital” investment to cover pre-development costs.

Pre-development costs includes:

- Cost of controlling or acquiring land
- Cost of land entitlements
- 3rd Party reports to include feasibility, market, environmental studies, appraisals and soil condition reports
- Cost of consultants to include legal, financial advisory, architect and engineers

The PRC Business development team meets with university officials to determine if a Public-Private Partnership (P3) opportunity exists. If the university shows interest in a potential partnership, the university will be presented with a Letter of Intent (LOI) agreement whereby the university will agree to reimburse all pre-development costs if the university decides not to move forward with a long-term master lease agreement.



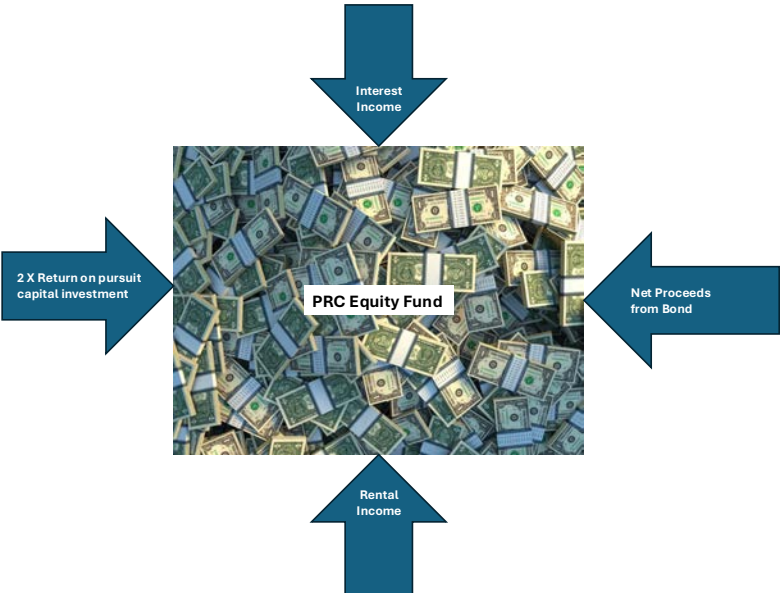
Upon execution of this agreement, a special purpose entity (SPE) is established for the project. This entity agrees to return any investment made by The Fund at a 2X multiple. For instance, if the fund invests \$3 million in pursuit capital, then the SPE will return \$6 million to the fund upon receipt of bond proceeds.

The second way the fund generates income is by the “Net Proceeds” from bond proceeds after all project related costs and reserves are paid. Upon completion of pre-development activities, the university is presented with a long-term master lease proposal which details the cost, terms and conditions of the lease agreement. Upon the execution of this master lease agreement, the SPE can monetize the value of the lease on the municipal bond market.

Bond proceeds are calculated based on the net present value of the cash flow generated by the long-term lease using a current discount rate based on the 10-year treasury yield.

For example:

A university enters into a 30-year long-term master lease agreement to build 200 units. The cost to construct is \$32,000,000. The annual rent payment due from the university will be \$3,017,142. The net present value of this cash flow stream based on a 6% discount rate is \$50,285,712. Therefore, the SPE closes a bond transaction for \$50MM to pay the project cost of \$32MM and to return the pursuit capital at a 2X multiple in the amount of \$6MM (**\$3MM in pursuit capital + 100% return for total of \$6MM**) back to the fund. This will leave over \$12MM in “Net Bond” proceeds after project cost. *(please note that this example is for illustration purposes and does not include all costs associated with closing the bond transactions)*



The net bond proceeds are treated as project development income and is charged to the SPE as a fee and thus can be treated as revenue to the fund.

The third way the fund generates income is from Rental Income. After the development is complete, the university pays rent in two semi-annual installments. 10% of the annual rent payment is profit. That profit is passed on to the owner of the SPE, which is The Fund. In the example above, the annual rent payment is \$3,017,142. The net income after debt service is 10% of this number which is \$301,714 per year. (note that the master lease is a NNN lease)

The fourth way the fund generates income is interest income. The fund will maintain cash balances that include the required \$7.5MM dividend reserve account and various cash deposits throughout the life cycle of a deal.

Financial Projections – Five Year

Five Year Projections

5-Year Projections	2025	2026	2027	2028	2029
Number of Developed Units	1620	2000	2400	2800	3200
Revenue					
Pre-Development Income (2x of Investments)	\$ 28,000,000	\$ 25,200,000	\$ 30,240,000	\$ 35,280,000	\$ 40,320,000
Net Proceeds from Bond	\$ 5,300,000	\$ 27,500,000	\$ 149,234,937	\$ 122,500,000	\$ 149,234,937
Rental Income	\$ 166,800	\$ 549,625	\$ 1,315,275	\$ 1,578,330	\$ 1,893,996
Interest Income	\$ 1,643,820	\$ 3,000,000	\$ 3,000,000	\$ 3,150,000	\$ 3,307,500
Total Revenue	35,110,620	56,249,625	183,790,212	162,508,330	194,756,433
Broker Deal Expense	1,750,000	-	-	-	-
Asset Management Fee	1,500,000	2,056,000	8,940,741	10,430,864	11,920,988
Project Acquisitions and Development Fee	9,052,500	11,175,926	13,411,111	15,646,296	17,881,481
Dividend Distribution	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Cost Of Operations	19,802,500	20,731,926	29,851,852	33,577,160	37,302,469
Gross Profit	15,308,120	35,517,699	153,938,360	128,931,170	157,453,964
Total Operating Expense	3,129,257	3,223,134	3,384,291	3,553,506	3,784,483
Net Profit	12,178,863	32,294,565	150,554,069	125,377,664	153,669,481

Balance Sheet

Current Assets					
Initial Investment - Checking	\$ 67,500,000	\$ 67,500,000	\$ 67,500,000	\$ 67,500,000	\$ 67,500,000
Dividend-Escrow	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Total Current Assets	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000
Fixed Assets	\$ 27,800,000	\$ 219,212,500	\$ 368,447,437	\$ 585,831,425	\$ 931,471,966
Furniture, Fixtures, and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fixed Assets	\$ 27,800,000	\$ 219,212,500	\$ 368,447,437	\$ 585,831,425	\$ 931,471,966
Total Assets	\$ 102,800,000	\$ 294,212,500	\$ 443,447,437	\$ 660,831,425	\$ 1,006,471,966
Total Liabilities	\$ 145,000	\$ -	\$ -	\$ -	\$ -
Equity	\$ 102,655,000	\$ 294,212,500	\$ 443,447,437	\$ 660,831,425	\$ 1,006,471,966
Net Income	\$ 12,178,863	\$ 32,294,565	\$ 150,554,069	\$ 125,377,664	\$ 153,669,481
Class A Shareholder Distributions (70%)	\$ (8,525,204)	\$ (22,606,195)	\$ (105,387,849)	\$ (87,764,365)	\$ (107,568,637)
Class B Shareholder Distributions (30%)	\$ (3,653,659)	\$ (9,688,369)	\$ (45,166,221)	\$ (37,613,299)	\$ (46,100,844)
Total Equity	\$ 102,655,000	\$ 294,212,500	\$ 443,447,437	\$ 660,831,425	\$ 1,006,471,966
Total Liability & Equity	\$ 102,800,000	\$ 294,212,500	\$ 443,447,437	\$ 660,831,425	\$ 1,006,471,966

Investor Metrics

Distributions to Investors

10% Dividend	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000	\$ 7,500,000
Profits Share (70% Split)	\$ 8,525,204	\$ 22,606,195	\$ 105,387,849	\$ 87,764,365	\$ 107,568,637
Total Cash Distributions to Investors	\$ 16,025,204	\$ 30,106,195	\$ 112,887,849	\$ 95,264,365	\$ 115,068,637
Earnings Per Share (75,000 Shares Issued)	\$ 214	\$ 401	\$ 1,505	\$ 1,270	\$ 1,534
Annual Cash on Cash Return	21%	40%	151%	127%	153%
Five Year Return Multiple	4.92				
Five Year Internal Rate of Return	60%				

Pre-Development Income

In 2025, The Fund is estimating \$28,000,000 in revenue. When The Fund makes an investment into a project to cover pre-development expenses, the project is obligated to return this investment back to the fund at a 100% return to The Fund. The goal is to obtain municipal bond financing. To obtain this financing, the university must execute a long-term NNN master lease that guarantees rent payment for the term of the lease. Prior to obtaining the long-term master lease, the project must go through the pre-development process which results in a presentation of a master lease proposal to the university. The amount of bond financing is calculated based on the net present value of the cash flow represented by the lease. These proceeds represent the full stabilized value of the completed project.

Bond proceeds are only released to fund reimbursable costs and project expenses prior to the completion of the project. Therefore, upon obtaining Bond financing, the project is obligated to return the capital invested by The Fund for pre-development expenses. Additionally, the project pays the investment return of 100% which represents a 2(X) multiple to the fund.

Net Proceeds from Bond

Upon completion of the development project and the commencement of the lease, remaining proceeds from the bond are paid to The Fund. In 2025, the amount to be received is \$5,300,000 resulting from bond proceeds related to the 625 @ Prairie View Phase I project. The managers expect to close this bond transaction by May 2025.

Rental Income

Ninety percent (90%) of the rent collected from the university is used to debt service the bond. The remaining 10% is profit to The Fund. In 2025, the net rental income to The Fund is estimated to be \$166,800. The rental income results from the 625 @ Prairie View Phase I project.

Interest Income

The Fund will maintain cash balances in interest bearing accounts and therefore is expecting interest income in 2025 of \$1,643,820. This assumes a 4% rate paid on cash balances.

Investor Metrics

This investment targets a set dividend of 10% each year. The Fund is required to maintain a reserve equal to 10% of the total investment amount. Additionally, investors receive a 70% split of profits to be distributed annually. Profits are generated from The Fund's investment into student housing real estate development projects. The investment from The Fund is

used to obtain bond financing. Upon receipt of bond financing, the initial investment is returned to The Fund in addition to a 100% (2X return) of the investment. A typical transaction completes in six to nine months.

The Fund’s primary method of producing annual profits is based on the number of student housing development transactions. The greater number of transactions, the more profit to the fund.

Additionally, The Fund produces profits based on the successful completion of student housing development projects completed on time and within budget. Bond proceeds represent the full stabilized value of the student housing development project. The difference between value and its costs represents profit to The Fund.

Example:

Project Value:	\$ 36,000,000
Pre-Development Expense:	\$ 2,000,000
2X Return to Fund:	\$ 2,000,000
Total to Fund:	\$ 4,000,000
Net Cash Available:	\$ 32,000,000
Project Development Cost:	\$ 26,000,000
Net Profit to the Fund:	\$ 6,000,000

The Net Profit resulting from the completion of a successful student housing development project can take 18 to 36 months. Therefore, investors can expect returns resulting from completed projects to begin in 2026 onward. The first projects expected to be completed in 2026 are Phase II and Phase III of 625@Prairie View projects and potentially the Tarleton State University project.

Current Pipeline

Below lists five projects that PRC Equity Fund is pursuing with Texas A&M University System. Note the 625 @ Prairie View is currently under a “Master Lease Agreement” and the Manager is seeking to expand this project with a Phase II and Phase III.

Project Name	Project Cost	Investment from Fund	Bond Value	2X Profit	Profit from Bond
625@ Prairie View Phase I (120 Units, 168 beds)	\$ 22,500,000	\$ 8,000,000	\$ 27,800,000		\$ 5,300,000
625@ Prairie View Phase II (150, Units 210 beds)	\$ 25,000,000	\$ 1,000,000	\$ 31,412,500	\$ 1,000,000	\$ 5,412,500
625@ Prairie View Phase III (200 Units, 550 beds)	\$ 30,000,000	\$ 5,000,000	\$ 37,500,000	\$ 5,412,500	\$ 2,087,500
Tarleton State University (500 Units, 700 beds)	\$ 97,500,000	\$ 5,000,000	\$ 122,500,000	\$ 5,000,000	\$ 20,000,000
Texas A&M Central Texas (200 Units)	\$ 39,000,000	\$ 3,000,000	\$ 49,000,000	\$ 3,000,000	\$ 7,000,000
Texas A&M Corpus (300 Units)	\$ 58,500,000	\$ 3,000,000	\$ 66,823,291	\$ 3,000,000	\$ 5,323,291
Texas A&M Texarkana (150 Units)	\$ 29,250,000	\$ 3,000,000	\$ 33,411,646	\$ 3,000,000	\$ 1,161,646
Totals	\$ 301,750,000	\$ 28,000,000	\$ 368,447,437	\$ 20,412,500	\$ 46,284,937

PRC Equity Fund has begun the pre-development feasibility with Tarleton State University with the goal of presenting a master lease proposal to develop 500 units by February 2025.

Management is in discussions with A&M Central Texas, Corpus, and Texarkana with the goal of starting the development process for these universities in 2025.

Competition

There are six university systems in the State of Texas that contains 45 separate and distinct public universities providing post-secondary education for over 1.4MM students.

However, there are only 4 major real estate development firms with a focus on developing student housing for Texas public universities. These are as follows:

SERVITAS

Servitas: Based in Dallas, Servitas specializes in public-private partnership (P3) student housing developments across the U.S., with several projects in Texas. They manage all stages from financing to construction and have worked with institutions like Texas A&M University. Servitas is highly experienced in large-scale projects, having secured over \$1.5 billion in funding for their developments.

Source: TEXAS REAL ESTATE RESEARCH CENTER



Fountain Residential Partners: This Dallas-based company focuses on luxury and affordable student housing across university markets. They have been involved in over \$2 billion worth of student housing developments, including projects near major Texas universities like Texas Tech and Texas A&M

Source: FOUNTAINRESIDENTIAL



Greystar: A global real estate firm that has a strong presence in Texas student housing, Greystar recently completed high-profile projects like Union on San Antonio near the University of Texas at Austin, which includes over 900 beds. They are currently working on another large project with 1,448 beds in the West Campus area.

Source: MULTI-HOUSING NEWS



Parallel: Another Texas-based developer, Parallel, has been involved in multiple student-housing projects, including developments near Texas A&M University in College Station

Source: TEXAS REAL ESTATE RESEARCH CENTER

Contact Information

For additional information regarding this investment opportunity, please visit our website at <https://www.prcequityfund.com> or feel free to contact a member of our investor relations team.



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